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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

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Communist China: While continuing their propaganda invective against the United States, the Chinese Communists are trying to refurbish their reputation in neighboring Asian neutral states. Peiping's Foreign Minister Chen Yi told a visiting Burmese delegation on 17 October that China "wanted to exist in peace with all its neighbors and with all the countries of the world." The Chinese made an earlier overture to the Burmese on 25 September, when the Chinese ambassador in Rangoon assured the Burmese premier that China accepted Burma's definition of the border with reservations only about a few small areas. On 6 October, Premier Chou En-lai sent Nehru a message which termed the Sino-Indian border issue a mere episode in an "age-old friendship."

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II. ASIA-AFRICA

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Ceylon - Communist China: Several top government officials in Colombo are seeking ways to reduce Ceylon's economic ties with Communist China. Colombo has long been dissatisfied with the terms of its rice-rubber barter agreement with Peiping. The minister of trade now has suggested that the United States furnish the \$3,000,000 in aid which the Chinese are providing for Ceylon's rubber replanting program. He feels this step would pave the way for Colombo to abrogate the entire rice-rubber pact. A recent contract to buy rice from Burma has improved Ceylon's position as far as its food requirements are concerned, thereby lessening its dependence on Chinese supplies.

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Japan: The Japanese Socialist party's right-wing faction, headed by Suehiro Nishio, has decided to secede from the party and to form a "truly democratic socialist party." The secession, while not yet official, is based on Nishio's opposition to the party's increasingly pro-Communist orientation and domination by left-wing labor unions. Nishio apparently is supported by about 30 of the 249 Socialist Diet members, and he must attract considerably more Socialist Diet members to form an effective new party. The Socialist split may have a divisive effect on Prime Minister Kishi's Liberal-Democratic party, which was formed in 1955 to counter the merger of the Left and Right Socialists. Kishi may thus have additional difficulty in holding his party in line on important issues, including revision of the US-Japanese security treaty and relations with Communist China.

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III. THE WEST

Guatemala: [Serious disturbances may occur on 20 October, anniversary of the 1944 revolution that initiated a decade of leftist rule in Guatemala. Extreme leftists are planning a massive parade, while an anti-government rightist faction is reported to be]

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[preparing for counterdemonstrations and riots of sufficient violence to cause the overthrow of President Ydigoras. The rightists' boasts of US support for their coup plans are apparently being accepted as fact by many key Guatemalans, including the President.] (Page 3)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Peiping Renews Overtures to Asian Neutral Neighbors

Communist China's Foreign Minister Chen Yi told a visiting Burmese delegation on 17 October that China "wanted to exist in peace with all its neighbors and with all the countries of the world." Chen declared that China's economic programs required "a peaceful environment and continued relaxation of the world situation."

The foreign minister's remarks, which contained the specific assurance that China was particularly interested in peaceful relations with bordering countries, suggest that Peiping intends to follow up its recent overtures to these countries in an effort to refurbish its international reputation. On 6 October Premier Chou En-lai sent Nehru a message which termed the Sino-Indian border issue a mere episode in an "age-old friendship."

[On 25 September, the Chinese ambassador in Rangoon assured the Burmese premier that China accepted Burma's definition of the border, with reservations only about a few areas. Since part of Burma's border claim is based on the McMahon line, which China refuses to accept as its border with India, Peiping may be trying to make the Burmese feel they are being granted something denied the Indians and to induce them to resume border negotiations. Last spring, the Burmese premier, disgusted with Communist delaying tactics, submitted a package proposal as Burma's "final offer."]

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The Chinese continue their propaganda invective against the United States, which is charged with "armed occupation" of Taiwan and with deliberate measures to create new international tensions.

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III. THE WEST

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Political Violence May Be Imminent in Guatemala

{Guatemalan President Ydigoras is facing the most serious crisis of his 19-month-old administration, which has been characterized by an almost total absence of positive accomplishment and leadership. Harassed by rapidly growing leftist forces and subversive plotting by rightist factions, he has tried by divide-and-rule tactics to maintain his tenuous hold on power. He now appears to be losing control, and various political factions, as well as groups in the politically important armed forces, are maneuvering in anticipation of what they apparently regard as the President's inevitable downfall. US Ambassador Mallory sees a strong possibility of serious violence in the very near future.]

{Communist-influenced leftists are planning a massive parade on 20 October, anniversary of the 1944 revolution that initiated a decade of leftist rule in Guatemala, and a rightist faction is reported to be preparing for counterdemonstrations and riots of sufficient violence to cause Ydigoras' ouster.]

{The rightist Nationalist Democratic Movement (MDN), discredited remnant of the political machine of the late President Castillo Armas, is in the forefront of the plotting and is believed responsible for the more than 30 terrorist bombings in the capital since last July. Its boasts that it has US backing for its coup plans are apparently being successfully used to recruit army officers to the MDN cause. President Ydigoras, who has long suspected US opposition to him, revealed his firm conviction in a conversation with the ambassador on 14 October that American "groups" are supporting his enemies.]

{Ambassador Mallory believes that, whatever the consequences of an outbreak of violence, US interests would inevitably be adversely affected.]

{A rightist coup would be certain to arouse strong popular opposition and would tend to unify opposing leftist forces which would then become even more susceptible to Communist control.} 25X1

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